Labour Systems, Production Structures and Export-Manufacturing: The East Asian NIC's

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Within the emerging new international division of labour (NIDL), industrial production has increasingly supplanted agriculture and mineral exploitation as a lead development sector in the third world. This is especially true of several 'newly industrializing countries' (NIC's) which collectively now account for a growing percentage of world industrial production and exports in several mass-assembly industries. An expanding literature on the globalization and relocation of manufacturing to third world countries has specified a number of reasons for the global diffusion of manufacturing production. Much emphasized has been the role of multinational corporations (MNC's) in seeking to evade protective tariffs or pre-empt overseas markets by creating domestic production facilities in countries with sizable domestic markets prior to the incursion of other firms (e.g. Brazil). In other cases, MNC's create off-shore production facilities in cheap labour countries in order to reduce production costs in the face of increased global competition and growing labour costs at home (e.g. Singapore, the Mexican border industrialization zone, Malaysia). Alternately, such corporations, both manufacturing and retail, may enter into subcontracting arrangements with domestically-owned firms which may themselves further subcontract work out to small local producers (e.g. the Philippines, South Korea, Hong Kong, Taiwan).

This variety of structural mechanisms facilitating the global diffusion of manufacturing production is paralleled by even greater diversity in the domestic organization of production in industrializing third world countries. Substantial variation in ownership pattern, firm size, degree of urban concentration, mode of capital acquisition, relationship to the state, capital and technology intensity, and contractual relationships with other firms, both domestic and international, suggests further complexity in global structures of production.

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Associated with variation in the structures of global production is a diversity in the labour systems through which economic elites harness the brawn and skill of workers to the objectives of capital. Only through an empirically-grounded comparative examination of these systems can we understand the varying social class basis for capital accumulation within different production structures. This essay explores the labour systems, and their structural and political sources, through which workers have been incorporated into export manufacturing in the East Asian NIC's (Singapore, Taiwan, South Korea and Hong Kong). It is argued that the varying success with which employers and states have shaped labour systems to meet the changing needs of capital defines an important basis for continued economic expansion.

Structural Transformation and Export-led Growth in East Asia

The East Asian NIC’s share a number of developmental commonalities. During the 1950's and 1960's, they all embarked on industrialization strategies which favoured the manufacture of light consumer goods for world markets. Competition for investment and success in penetrating global markets were based in large part on labour cost considerations. Production itself utilized largely low-skill labour in simple, repetitive operations. Exports were dominated by only a few industrial products (at first textiles, then wearing apparel, shoes, and electronics), although the range of manufactured exports was greater in Hong Kong and Taiwan than in Singapore or South Korea. The workforce employed in export manufacturing drew heavily from the ranks of economically disadvantaged workers, especially young women and (in Hong Kong and Singapore) immigrants.

But beyond these commonalities, there have been significant developmental differences in the organizational and financial linkages which mediated entry into the global economy, as well as in related domestic production structures. These differences may briefly be summarized as follows:

**Singapore**: predominant reliance on direct investment by multinational corporations alongside secondary reliance on para-statal and state enterprise. A general bypassing of local enterprise.

**S. Korea**: channelling of international loan funds through a state-controlled banking system to large domestic export manufacturers; extensive state direction of economy; also international subcontracting from large international buyers (retail and manufacturing) through giant Korean trade companies to medium-sized domestic factories. Some limited reliance on wholly-owned subsidiaries of multinational corporations which operate, along with large local firms, in export-processing zones near major cities. Extreme geographical concentration of manufacturing in urban centers.